

Fundamentals Level – Skills Module

Corporate and Business Law (Cyprus)

Monday 10 June 2013



Time allowed

Reading and planning: 15 minutes

Writing: 3 hours

ALL TEN questions are compulsory and **MUST** be attempted.

Do NOT open this paper until instructed by the supervisor.

During reading and planning time only the question paper may be annotated. You must NOT write in your answer booklet until instructed by the supervisor.

This question paper must not be removed from the examination hall.

The Association of Chartered Certified Accountants

The Institute of Certified Public Accountants of Cyprus

ACCA

ZEAK

Paper F4 (CYP)

ALL TEN questions are compulsory and MUST be attempted

- 1 In relation to the legal system of Cyprus, explain the operation and jurisdiction of the Supreme Court.**
(10 marks)
- 2 In relation to the law of torts, explain the meaning and characteristics of the following:**
- (a) the tort of passing off; (5 marks)
 - (b) the rule of remoteness of damage. (5 marks)
- (10 marks)
- 3 In relation to the employment law, describe:**
- (a) the main duties of the employee towards the employer; and (5 marks)
 - (b) the main duties of the employer towards the employee. (5 marks)
- (10 marks)
- 4 With regard to agency law, explain the legal relationship that may be created between the following parties:**
- (a) principal and agent; (4 marks)
 - (b) agent and third party; and (3 marks)
 - (c) principal and third party. (3 marks)
- (10 marks)
- 5 With reference to the Companies Law Cap. 113, explain the contents of the following:**
- (a) the memorandum and articles of association; (5 marks)
 - (b) the statutory registers that must be maintained by a company. (5 marks)
- (10 marks)
- 6 In relation to the Companies Law Cap. 113, explain the doctrine of capital maintenance and its manifestation pursuant to the Companies Law Cap. 113.**
(10 marks)
- 7 With reference to the Companies Law Cap. 113:**
- (a) discuss the appointment procedure relating to company auditors; and (5 marks)
 - (b) explain the duties of company auditors. (5 marks)
- (10 marks)

- 8 ABC Plc is a public limited liability company, with authorised share capital of €100,000 divided into 100,000 shares of nominal value €1 each. At a recent issue of shares by ABC Plc, Anna subscribed for 1,000 shares, which were issued at a premium. After paying the total nominal value of the shares subscribed for, Anna regrets having purchased these shares and wishes to sell or cancel them.

Required:

Advise Anna of her possible courses of action.

(10 marks)

- 9 Dias Ltd is a private company limited by shares, which was incorporated in August 2011. The purpose of Dias Ltd, as defined in its memorandum of association, is to provide consulting services. Dona, Ian and Andrew are the only shareholders of Dias Ltd with Dona holding 35%, Ian holding 35% and Andrew holding 30% of the issued share capital of Dias Ltd.

After Andrew's death in May 2012, Andrew's shareholding devolved to his niece, Sarah. By September 2012, Dias Ltd had not commenced its business, and Sarah suggests to Dona and Ian that Dias Ltd be wound up voluntarily, or become a restaurant business. Dona agrees with either suggestion, but Ian disagrees with both.

Required:

Advise Sarah of how she may proceed.

(10 marks)

- 10 Maya is an accountant and runs her own business. Bin contacted Maya through her website, and enquired about the incorporation of Cyprus companies. Maya assisted Bin to set up Bin (Cyprus) Ltd, a Cyprus private limited liability company, and agreed to act as its sole director. In the course of the operations of Bin (Cyprus) Ltd, Maya finds out that an affiliated company, Cloud Plc, which is listed on the Cyprus Stock Exchange, contemplates making a huge acquisition of business, which is expected to significantly enhance its operations. At the same time, Maya suspects that Bin may be using Bin (Cyprus) Ltd in order to launder money obtained from illegal purposes. Maya discusses her concerns with her husband, who seizes the opportunity to buy shares in Cloud Plc without informing Maya.

Required:

Advise Maya of her potential liabilities in relation to the offences of money laundering and insider dealing.

(10 marks)

End of Question Paper